

COMPANY RESEARCH AND ANALYSIS REPORT

m-up holdings, Inc.

3661

Tokyo Stock Exchange Prime Market

29-Aug.-2025

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FISCO Ltd.

<https://www.fisco.co.jp>

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Summary

In FY3/25, large increases in revenue and profit through expanding the membership base and growth in e-commerce and electronic tickets. Certain results from global expansion

1. Company profile

m-up holdings, Inc. <3661> (hereafter, also “the Company”) conducts integrated business development from delivery of various digital content, such as anime characters, stamps, music, and e-books, to e-commerce and electronic tickets on the axis of the fan club web site business that covers a wide range of genres centered on artists, including TV personalities, voiceover actors, and anime. It is one of the largest operators of fan club web sites in Japan with over 800 sites, mostly focusing on musical artists. These web sites boast over 3.8 million paying members, which is also the highest number in Japan. CEO and Representative Director Koichiro Mito previously worked in the music industry (at a record company), so the Company’s strength lies in acquisitions of strong IP (intellectual property), including artists, TV personalities, athletes, and anime characters, and it is developing several official web sites that cover a wide variety of categories and genres. Since 2020, despite being partially affected by the spread of COVID-19 pandemic, the live concert market has once again become vibrant, and the Company’s performance has grown significantly thanks to synergies with the EC Business and Electronic Tickets Business, as well as the expansion of services that provide new fan experiences. Most recently, the Company has focused on global expansion and is approaching a new stage that will include next-generation fan businesses utilizing new technologies (VR, Web 3.0, NFTs, etc.).

2. Overview of FY3/25 results

In the FY3/25 results, the Company achieved a major increase in both sales and profits, exceeding initial forecasts, with net sales rising 38.8% year on year (YoY) to ¥25,782mn and operating profit growing 43.9% to ¥4,065mn. The mainstay Fan Website Business, EC Business, and Electronic Tickets Business all grew steadily. In Fan Website Business, the Company acquired new fan clubs, and paying members increased beyond expectations, driving results growth. In the EC Business as well, with the live concert market booming, services were successful that were aligned closely with fan needs, including members-only sales and advance sales. Electronic Ticket Business saw steady growth. The number of artists handled steadily increased and the number of tickets issued grew. In addition, the unit prices of services with added peripheral services (online prize draws, etc.) went up, and there was steady growth in ticket trading. Profits also went up by a large margin. Along with increased server costs associated with the weak yen, the Company made upfront expenditures in new businesses and other areas, but there was growth in the number of membership fees charged and expansion in the highly profitable EC Business and Electronic Tickets Business.

3. FY3/26 forecasts

For the FY3/26 results, the Company projects continued rises in sales and profits, with net sales to increase 8.6% YoY to ¥28,000mn and operating profit to rise 15.6% to ¥4,700mn. The Fan Club Business, EC Business, and Electronic Tickets Business are all expected to continue to expand. The Company will work to boost paying members and maximize spend per customer by linking the EC Business and Electronic Tickets Business. It also plans to attract more overseas fans through global expansion. In terms of profits, the Company expects server costs to rise, personnel expenses to increase due to hiring reinforcements, and developmental investment to be made in new businesses. However, it expects to earn higher revenue through expansion of the highly profitable EC Business and Electronic Tickets Business.

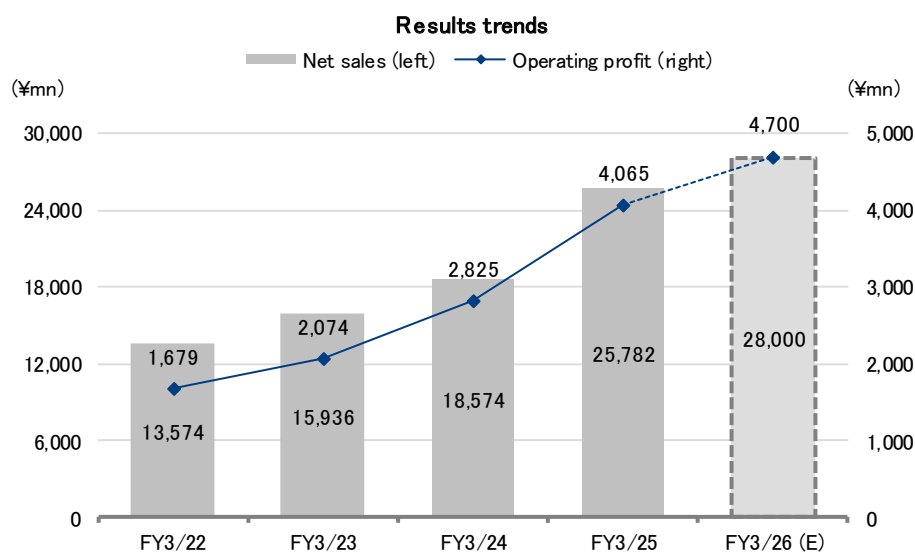
Summary

4. Future business strategy

The Company projects stable, continuing growth in existing businesses from acquiring robust IP and expanding its membership base. New earnings drivers will come from global expansion, enhancements to the Electronic Ticket Business, creation of next-generation fan businesses, and cultivating new business, including through M&A. The Company is drawing up a strategy to accelerate growth for the Group as a whole. In terms of operating profit, it will seek growth of at least 20% annually.

Key Points

- In FY3/25, major increases in revenue and profit thanks to expansion in the membership base and growth in the EC and Electronic Tickets Businesses
- Engaged in initiatives with a view to full-fledged global expansion and investment in next-generation fan businesses
- For FY3/26 as well, expecting higher revenue and profit from growth in businesses and services starting with the membership base
- Going forward, the Company will aim to accelerate growth through global expansion and the creation of next-generation fan businesses, along with growth in existing businesses



Source: Prepared by FISCO from the Company's financial results

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■ Company profile

Provides fan club web sites and various types of content for smartphones. Also focused on the Electronic Tickets Business, whose market is expected to grow, and global expansion

1. Business description

The Group conducts integrated business development from delivery of various digital content, such as anime characters, stamps, music, and e-books, to e-commerce and electronic tickets on the axis of the fan club web site business that covers a wide range of genres centered on artists, including TV personalities, voiceover actors, and anime. The Company's provision of value is organically connecting users through various media, like smartphones and PCs, with various rights owners (artists, music offices, record companies, character companies, etc.) while expanding this base of highly loyal members who are the fans. At the same time, it entails providing a wide range of products and services, such as advance sales of concert tickets and provision of music, as well as digital content (CDs, DVDs, Blu-rays, etc.) and goods. By leveraging its expansive number of leading artists and content, the Company has created synergies throughout the Group and expanded and diversified its business foundation by mutually utilizing them.

The Company worked to expand its business foundation, including by launching the Electronic Tickets Business, which is expected to grow, by making a fully owned subsidiary of EMTG on October 1, 2018. From April 1, 2020, the Company transitioned to a holding company structure in order to optimally allocate management resources, realize speedy decision-making, and pursue further Group synergies. The live concert market was partially affected by the pandemic starting in 2020, but it is now booming. The Company is seeing major growth in recent results alongside expansion in services that provide new fan experiences. Most recently, the Company is focused on global expansion. It is approaching a new stage that includes cultivating next-generation fan businesses that utilize new technologies.

There are three reportable segments: the Content Business, Electronic Tickets Business, and Other Businesses. The Content Business is further subdivided into Fan Website Business and EC Business. Fan Website Business, which have been the main businesses since the Company's foundation, provide a high percentage of total sales. However, the plan is to grow the highly profitable (commission income) EC Business and Electronic Tickets Business going forward, while making these business work together.

Company profile

Summaries of each of the businesses are provided below.

(1) Content Business

a) Fan Website Business

This business mainly involves the management of fan club web sites for smartphones and PCs and the provision of various types of digitally delivered content and apps. In particular, for the mainstay fan club web sites, it manages official sites that deliver the latest information and exclusive content on artists and idols, as well as other celebrities such as actors, TV personalities, and athletes. This business also includes providing member-only content, delivery of music, and sales of goods. It is one of the largest operators of fan club web sites in Japan with over 800 sites*1, mostly focusing on musical artists. These web sites boast over 3.8 million paying members, which is also the highest number in Japan, who are a source of earnings. Also, by creating apps for fan clubs and adding various functions (developing platforms), it is responding to user needs and expanding opportunities to acquire earnings. Since FY3/21, in addition to launching an app exclusively for viewing live content equipped with comment and gifting functions, it began providing a service to deliver live content in VR and a variety of VR video content. Initiatives in addition to this include the development of new businesses focused on the DX of fan services and entry into the NFT marketplace*2, which is expected to become a new earnings model. Conversely, regarding the delivery of various types of content, it provides a range of content on themes including popular anime characters and TV personalities, such as kisekae (themes for apps), stamps, and decorative email templates. In addition, it is actively providing content for all-you-can-use services developed by carriers for a monthly fee.

*1 Includes Fanpla Kit (fan club platform). Fanpla Kit is a SaaS-type platform that allows artists of all sizes to start a fan club without any initial or installation costs, and is packaged with functions necessary for managing a fan club as well as managing membership fees. Since opening in December 2020, the number of users and new members has steadily increased.

*2 An NFT (non-fungible token) marketplace built on blockchain technology to handle even secondary and subsequent distribution markets specifically for entertainment-related content.

b) EC Business

This business involves sales of music video products; CDs, DVDs, and Blu-rays; and artists' goods related to these products, mainly through fan club web sites managed by the Group. Its features include targeting the core fan group (members of fan club web sites), developing a new distribution route to sell directly to fans, handling artists from those with major to independent distribution, and effectively conducting sales promotions by providing original perks (artists' goods, etc.) when selling packaged products. It has also recently launched new services (advanced sales, a service for collecting items at venues, etc.) that can be used smoothly for sales of goods at live performances and event venues, and is aiming to expand sales opportunities that go beyond the EC framework.

Company profile

(2) Electronic Tickets Business

This business was launched through making EMTG a fully owned subsidiary in October 2018, and is comprised of earnings from the electronic tickets and ticket trade^{*1} businesses and various peripheral services. In addition to live music, it provides an electronic tickets service for a wide variety of events, including so-called greeting events to meet members of idol groups, sporting events such as professional baseball and figure skating, and leisure facilities such as amusement parks. It has also started services including a platform for sales of viewing passes for online-delivered content linked with the live content delivery implemented by the Content Business. On the other hand, it is also working to diversify its monetization methods through services ancillary to electronic tickets, including providing a card collection app (player cards for professional baseball, basketball, volleyball, and table tennis)^{*2} and sales of commemorative content related to live performances (memory collections) in fee-based packages.

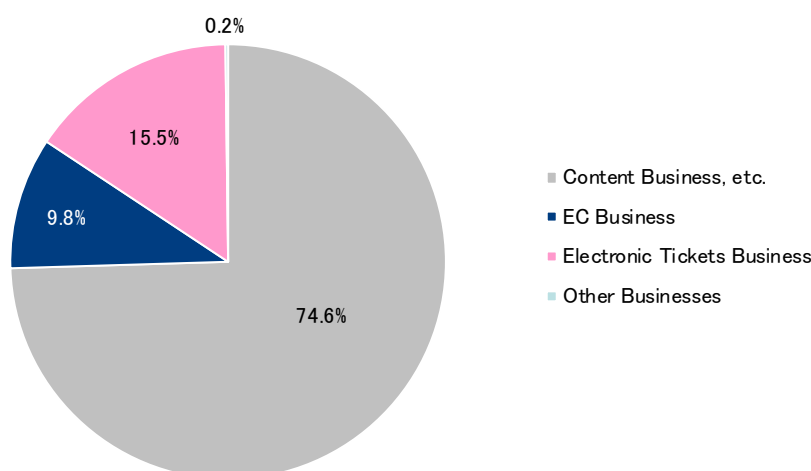
^{*1} A service that allows members to sell tickets to other people at a fixed price when they are unable to go to a live performance or other event. Unlike conventional ticket resale sites, the parties involved are not able to communicate individually and prices are fixed, which prevents tickets from being resold at excessively high prices.

^{*2} Most recently, the service is being adopted by J.league clubs as well.

(3) Other Businesses

Other Businesses include earnings of consolidated subsidiaries which are unassociated with the above segments and mainly develop new businesses.

Composition of net sales by business (1H FY3/24 results)



Source: Prepared by FISCO from the Company's financial results

Accelerating growth in a holding company structure pivoting on fan businesses

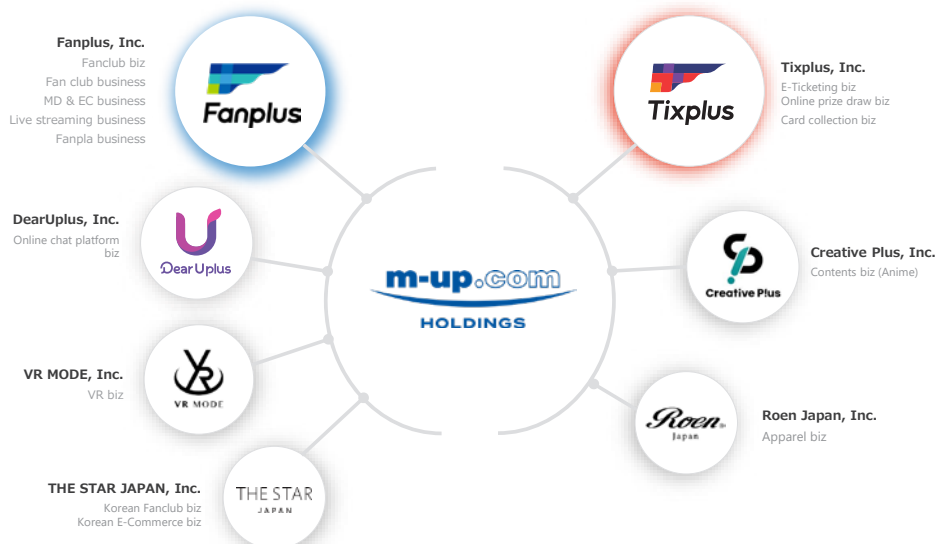
2. Group structure

On April 1, 2020, the Group transitioned to a holding company structure. There are eight operating companies (consolidated subsidiaries) under the holding company in a structure that emphasizes uniqueness and facilitates swift decision making at each Group company while creating synergies within the Group and diversifying sources of earnings.

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Company profile

List of Group companies



Source: The Company's supplementary results briefing materials

3. History

The Company was established by CEO and Representative Director Koichiro Mito in December 2004 (Head Office: Shibuya Ward, Tokyo) in order to provide fee-based content and conduct online sales for mobile phones and PCs.

The mobile content market expanded alongside the spread of mobile phones and the development of the IT environment, so the Company's results trended steadily, mainly for "Chaku-Uta" ringtones. In particular, the provision of carriers' new services greatly affected the Company's results. In October 2006, it opened Artists Official Call to provide melodic ringtones, acting as the official site of the mobile phone carriers providing the content. Also, in February 2007, it opened and launched e-commerce business through ROYAL Roc, the official mobile phone carrier site for an exclusive shop handling mainly fashion related to artists and TV personalities. Moreover, in July 2007, it opened Artists Official Decome as an official mobile phone carrier site and thereby entered into content fields other than music.

A major turning point for the Company was in September 2008 when it opened the GLAY MOBILE official mobile phone carrier site and started to manage fan club web sites. As well as being in a field that utilizes the features of the Company, an expert in the entertainment industry, it was able to capture highly loyal fan groups as paying members and thereby establish a stable business foundation that was not easily affected by technological and market trends. In particular, by guiding visitors of fan club web sites to direct sales sites for CDs, DVDs, and artists' goods, it was able to generate synergies with the e-commerce business, and became the driver of the Company's growth.

The Company was listed on the Tokyo Stock Exchange (TSE) Mothers Market in March 2012. In May 2012, it acquired from Adways <2489> all of the shares of Adways Entertainment, Co., Ltd., which mainly manages Korean wave web sites, and made it a subsidiary (absorption merger in May 2013). In September 2013, its listing was upgraded to the TSE First Section. Furthermore, in October 2018, it launched the Electronic Tickets Business by making EMTG a fully owned subsidiary. On April 1, 2020, it transitioned to a holding company structure.

■ The Company's features

Earnings model in which increases in the number of members drive results growth. Strengths include acquiring strong IP and integrated business development

The Company's earnings model is one in which increases in the number of members drive results growth. Therefore, the secret to its success is surely that it is acquiring strong IP (content) and has many sites with powerful customer appeal. Alongside this, it is building the member base by minimizing the member churn rate, and introducing a framework to increase the unit price per member, including through cooperation between the EC Business and Electronic Tickets Business. Fans that become members increase nearly entirely due to the artist's activities and popularity, limiting the cost of member acquisition, which is a major characteristic. The Company is utilizing its strengths described below with the aim of differentiating itself from other companies and to effectively create value.

(1) Framework to acquire strong IP and realize management of sites with powerful customer appeal

With many of those involved coming from content holders in the music and other industries, such as record companies, in addition to having a good understanding of the entertainment industry, the Company has used this experience of being involved in content production to its favor in acquiring artists, TV personalities, anime characters and others with powerful customer appeal, discovering content and planning sites. It also captures core fan groups as members by providing original perks on fan club web sites, and has a framework to minimize the member churn rate by offering benefits that vary depending on the length of membership and continuously providing members with related content and original perks. In this way, it aims to build the member base.

(2) Results from managing popular sites in various content fields

Starting with the management of sites produced for members and e-commerce, the Company manages a wide range of official sites covering various categories and genres. This leads to the accumulation of expertise and building of trust, which serves to disperse risk in addition to serving as a strength when acquiring content from content holders. In addition, many sites are ranked among the top-ranking official mobile phone carrier sites.

(3) Integrated business model that generates synergies

Focusing on the Fan Website Business and conducting integrated business development of the EC Business and Electronic Tickets Business, synergies are generated that produce mutually beneficial effects for each business. In particular, visitors to fan club web sites are guided to e-commerce sites, such as for sales of CDs, DVDs, and artists' goods, while the electronic tickets and ticket trade services cooperate, which creates a new channel to directly reach core fan groups and contributes to improving the unit price per customer. In addition, the Group is conducting effective measures to acquire members, including advanced ticket sales for members, members-only sales, and premium ticket trade services for members. Moreover, in the future, synergies can be expected with next-generation fan businesses leveraging new technologies (VR, Web 3.0, NFTs, etc.).

(4) Competitive advantages of Electronic Tickets Business and differentiation through the use of new technologies

The Electronic Tickets Business, which was launched in FY3/19, has competitive advantages with its electronic ticket app that offers a stamp to smartphone screens and ticket trade center functions. In particular, the creation of a secondary distribution market utilizing ticket trade center functions not only becomes an incentive for capturing members, but also contributes to countermeasures against unauthorized resales being promoted by the government and various industries. While aiming to coordinate with other companies, it is highly likely to become the de facto standard in the future. The Company is further strengthening its advantages through strong identification using facial recognition and evolving functions in line with needs in each area. In addition, it hosts live performances using VR technology, a service that began in FY3/21. It also utilizes Web 3.0 technology to create next-generation fan experiences and is conducting R&D on the metaverse with a view to the further evolution of fandom. If full-fledged development is realized, it is highly likely to be an element in the Company's further differentiation from competitors.

Industry environment

Music delivery is growing steadily even after the COVID-19 pandemic. The live concert market is also booming

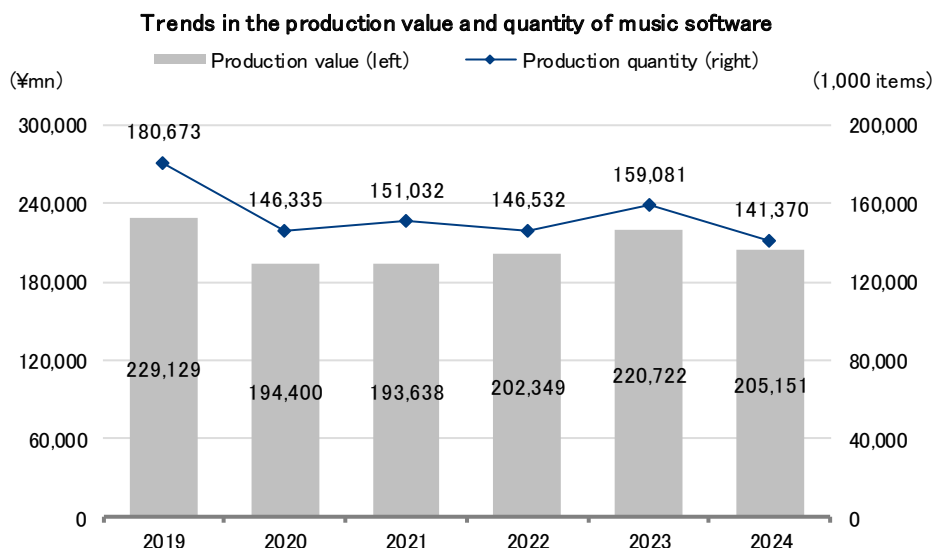
Looking at trends in markets related to music and artists, we see that they progressed solidly up to 2019. In particular, in music delivery, the use of streaming services grew rapidly, while the live concert market also showed signs of growth. However, in 2020, a year in which the impact of the COVID-19 pandemic was felt, results showed a great deal of contrast. Although the production value of music software declined mainly due to sales postponements, the music delivery sales amount expanded due to an increase in the use of streaming services in households, etc. Since then, although there has been a trend of sluggish growth in the production volume and value of music software, music streaming continues to grow, and the market is expanding backed by well-rooted music demand*.

| * Source: Recording Industry Association of Japan |

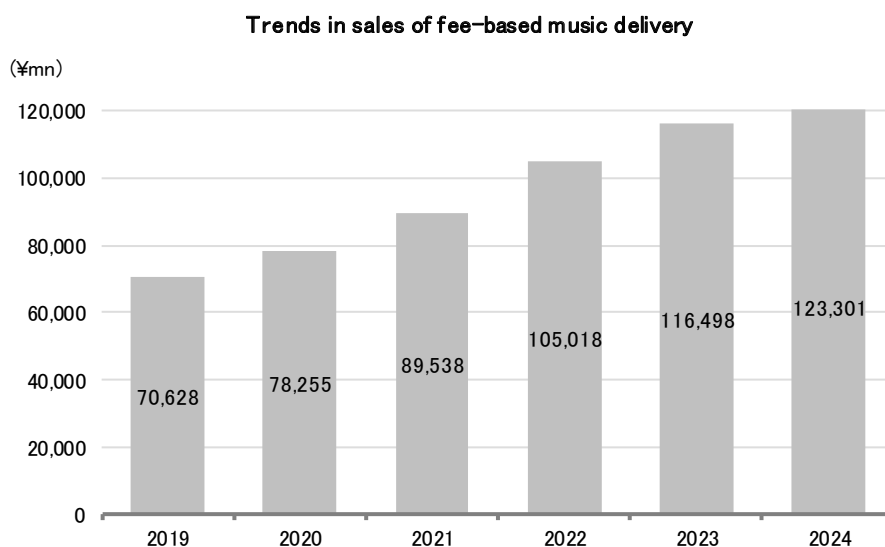
Also, in the live concert market, there were many cancellations and postponements due to the COVID-19 pandemic, resulting in a significant decrease in the number of live performances and a drop in the number of audience members in 2020 due to factors such as capacity restrictions. In 2022, the number of live performances and audience members had nearly returned to pre-pandemic levels, and the number of live performances has generally been flat since 2023. At the same time, the number of audience members continues to grow substantially, setting a record high in 2024. The market's scale has grown greatly to ¥612.1bn (up 19.1% YoY), showing that the live concert market is booming*.

| * Source: All Japan Concert & Live Entertainment Promoters Conference |

Industry environment

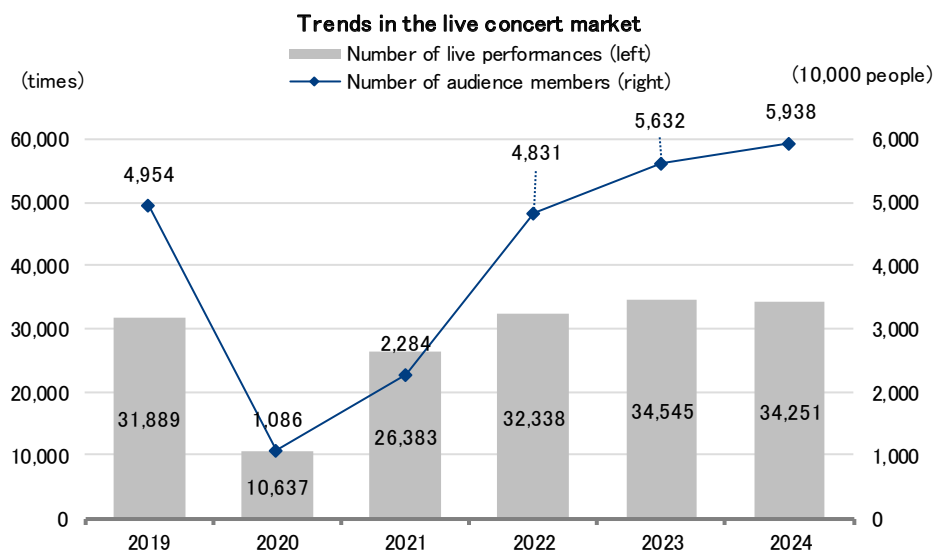


Source: Prepared by FISCO from the Recording Industry Association of Japan's web site



Source: Prepared by FISCO from the Recording Industry Association of Japan's web site

Industry environment



Source: Prepared by FISCO from the All Japan Concert & Live Entertainment Promoter's Conference's web site

Results trends

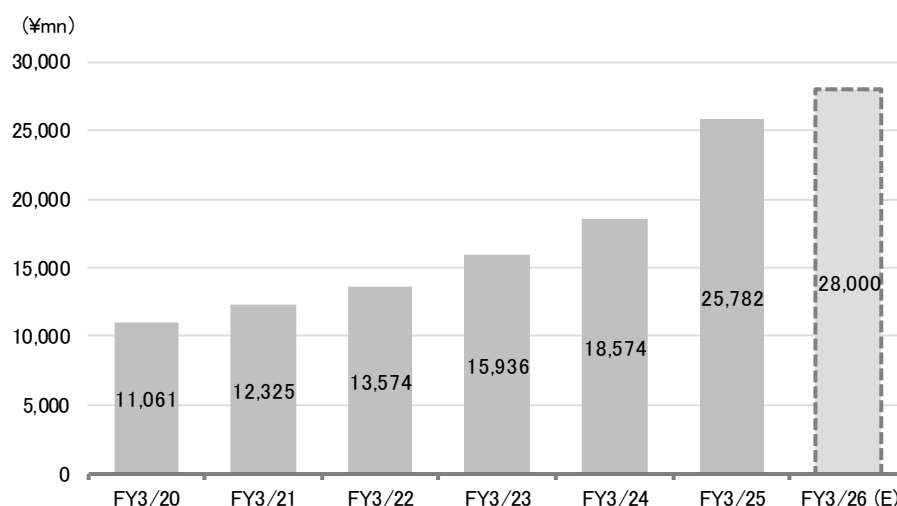
Centered on the Fan Website Business, stably maintaining results growth and the financial foundation. Aiming to consolidate synergies from each Group company and expand the business foundation

1. Past results trends

Looking back on past results, net sales growth was sluggish up to FY3/18. In the mainstay (mobile) Content Business, the main factors adversely impacting results included the shift from feature phones to smartphones and rapid contraction of music content, centered on ringtones. In this situation, the core member base, mainly for fan club web sites, supported the foundation of results. But the slow pace of acquisitions for new sites caused growth to be sluggish. However, results grew significantly from FY3/19. This was because the number of fan club web sites and the member base largely doubled through making EMTG a fully owned subsidiary, which led to the improvement of results in the Fan Website Business and EC Business. Even in the years from FY3/21 onward, in which the impact of the COVID-19 pandemic were felt, the Company continued to see an increase in sales due to the launch of new services responding to the changing relationship between artists and fans and growth in the EC Business and the Electronic Tickets Business.

Results trends

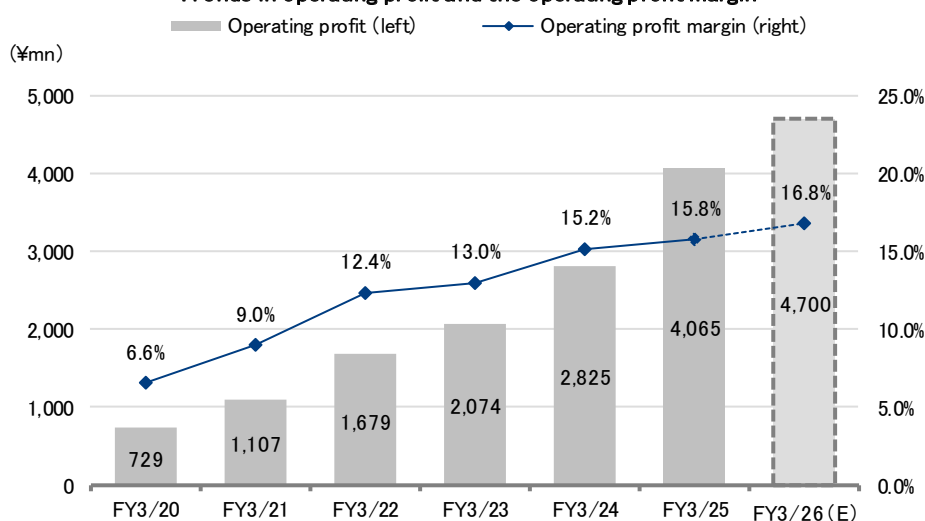
Trends in net sales



Source: Prepared by FISCO from the Company's financial results

Looking at profit and loss, the operating profit margin trended around the high level of approximately 14% up to FY3/15. However, the operating profit margin was low for several years from FY3/16 due to factors including temporary costs such as those for the head office relocation, upfront investments in new businesses (including VR business and electronic tickets) and M&A costs. The margin has been recovering, however, since FY3/20 due to earnings being boosted by higher revenues and eliminating temporary costs. Furthermore, recently, the operating profit margin has risen to around the 16% level thanks to growth in the highly profitable EC Business and Electronic Tickets Business and an increase in spend per member, among other factors.

Trends in operating profit and the operating profit margin



Source: Prepared by FISCO from the Company's financial results

Results trends

Financially, the Company continues to practice debt-free management from its business characteristic of not requiring capital investment, and the equity ratio, which indicates the stability of the financial foundation, has trended at a high level. It fell significantly in FY3/19, but this was due to the expansion of total assets following EMTG being made a consolidated subsidiary. However, there are no concerns about the stability of the Company's financial foundation due to it being debt free with a current ratio at a high level. Meanwhile, ROE, which indicates capital efficiency, fell in FY3/18 due to a decline in the profit margin, but has been on a recovery trend from FY3/20 onward, and has been at a level exceeding 20% since FY3/24.

In FY3/25, major increases in revenue and profit thanks to expansion in the membership base and growth in the EC and Electronic Tickets Businesses

2. Overview of FY3/25 results

In the FY3/25 results, sales and profits increased by a large margin, exceeding initial forecasts, with net sales rising 38.8% YoY to ¥25,782mn, operating profit growing 43.9% to ¥4,065mn, ordinary profit climbing 43.4% to ¥4,113mn, and profit attributable to owners of parent increasing 12.3% to ¥1,664mn.

The mainstay Fan Website Business, EC Business, and Electronic Tickets Business all expanded steadily. Fan Website Business acquired new fan clubs, and the number of paying members correspondingly rose beyond expectations, driving results growth. The EC Business also steadily expanded alongside growth in the number of members in Fan Website Business. In particular, initiatives in step with booming live events and concerts and services in line with fan needs, such as members-only sales and advance sales, were successful. In the Electronic Tickets Business as well, the number of artists handled steadily increased and the number of tickets issues grew. In addition, the segment steadily expanded thanks to higher unit prices of services with added peripheral services (online prize draws, etc.) and to the steady growth of the ticket trade service, which has earned a strong reputation as an official secondary distribution service.

Regarding profits, despite the increase in AWS server costs in conjunction with the depreciation of the yen, as well as upfront expenditures in new business, etc., the increase in the number of paying members and the growth in the highly-profitable EC Business and Electronic Tickets Business resulted in a large increase in profit, and the operating profit margin increased to 15.8% (15.2% in the previous fiscal year).

Regarding the Company's financial position, total assets increased 32.9% compared to the end of the previous fiscal year to ¥25,983mn due to an increase in cash and deposits and an increase in accounts receivable - trade associated with expansion of the EC Business. Shareholders' equity increased by 21.4% to ¥7,707mn thanks to a buildup of internal reserves (increase in retained earnings) that more than offset dividends paid and share buyback. As a result, the equity ratio declined slightly to 29.7% (32.5% at the end of the previous fiscal year).

Results trends

Results for the main segments are described below.

(1) Content Business

Sales and profits significantly increased, with net sales increasing 40.8% YoY to ¥21,838mn and segment profit rising 38.8% to ¥3,635mn. Of this, net sales from mainstay Fan Website Business increased 39.5% to ¥19,349mn. The number of paying members expanded beyond expectations*¹ due to the acquisition of new projects from popular artists*² and strengthening fan services linked to real-world initiatives*³. In particular, acquiring the fan clubs of major artists contributed to results growth. In addition, with rising overseas interest in Japanese artists acting as a tailwind, measures for overseas members*⁴ were also good as prospects for overseas expansion opened up. Moreover, the Company began initiatives related to Web 3.0 in response to new technology fields*⁵.

*1 The number of paying members increased 127% YoY.

*2 The number of new fan clubs established increased by approximately 118% YoY. Artists using the Company's proprietary fan club platform Fanpla Kit increased by around 137%.

*3 Advance ticket reception, members-only events, etc.

*4 Overseas members are given priority for artists' overseas concerts, as the Company successfully acquired new members. It is also translating member content into multiple languages, and in some cases the ratio of overseas members is around 10%.

*5 By building a technology platform with a view to future utilization of NFTs, digital asset management for global fans, and expanding flexible payment methods, the Company is creating a next-generation fan experience.

In addition, sales from the EC Business rose 51.0% YoY to ¥2,488mn. Against a backdrop of booming live concerts and expanding artist/fan platforms, the Company's continuing efforts to enhance convenience and the fan experience*¹ and its construction of stores with high access*² were successful, leading to expansion in merchandise sales and product transaction volume. In addition, Fanpla Chance (online prize draws), which is becoming established as a new fan experience, performed well, as the number of uses and unit price both increased. Moreover, the Company began linking official EC sites with YouTube in an effort to expand sales channels.

*1 Along with providing member-only benefits and highly varied products, the Company worked to provide cashless payment and advance purchasing at concert venues and expand on-site pickup services at venues.

*2 The Company builds stores using Shopify for stress-free merchandise browsing and purchases even when access is high. Large-scale selling contributed to expanded sales.

As far as profits, cost factors included increased server costs due to yen depreciation, investment in new businesses with a view to next-generation fan businesses, and higher personnel expenses, but profit increased by a large margin as higher revenues boosted profit to more than offset costs. In particular, spend per member increased (including the effects of raising membership fees) and growth in the highly profitable EC Business led to a segment profit ratio of 16.6% (16.9% in the previous fiscal year), as the Company was able to maintain a high level.

Results trends

(2) Electronic Tickets Business

Net sales increased 29.5% YoY to ¥3,921mn and segment profit rose 16.8% to ¥1,055mn. The number of electronic tickets issued set a new record high against the backdrop of steady expansion in the number of artists handled and the booming live music market. In addition, the number of external providers of electronic ticketing functionality is also increasing, which contributed to expanded earning opportunities and the spread and expansion of electronic ticketing. At the same time, ticket trade is gaining recognition as an official secondary distribution service that meets a wide range of needs, including the need for measures to prevent unauthorized resale. The number of ticket trades and the number of ticket trade projects* both continue a trend of steady growth. There was also progress in expanding into non-music areas, such as theater, sports, and events. Moreover, fan services linked to concerts and tickets are also steadily growing, including online prize draws (Kujipura), which offer the chance at merchandise signed by the artist and other prizes, and memory collections. Adoption of these services in the sports field is expanding and contributed to an increase in spend per customer. A digital card collection app for sports, developed as a peripheral field, saw strong sales of player cards for baseball, basketball and volleyball. New partnerships with J.League clubs are also making progress and are being addressed as a new growth area.

* The number of ticket trades increased 122% YoY to 330,000 tickets, and the number of ticket trade projects increased 113% to 1,236.

On the profit front, cost factors included rising server costs due to yen depreciation, but growth in highly profitable ticket sales (commission income) and increased unit prices led to a major increase in profit. The segment profit ratio declined slightly to 26.9% (29.9% in the previous fiscal year), but it remains at a high level.

3. Summary of FY3/25

Summing up FY3/25, although acquisition of a large project was a special factor, even when excluding its impact, businesses and services steadily expanded. The Company's business model, which is linked to its membership base, was confirmed as functioning well. In particular, with live music concerts booming, the fact that the Company has been able to capture this momentum can be said to be a testament to the strength of its fan service business. In addition, the Company's unique ability to attract customers can also be seen as a factor in the aforementioned large project. This kind of upside can be fully expected in the future. Strategically, concrete moves have been made in global expansion, which the Company is focused on. In particular, the fact that the Company has been able to acquire overseas fans by supporting the overseas expansion of Japanese artists, who are also very popular overseas, is a bright sign for the future.

■ Main activities and results

ID linkage with Weverse established for full-scale overseas expansion

1. Established an ID linkage with Weverse

Weverse Japan, which operates Group company Fanplus and Global Superfan Platform (Weverse) in Japan, has established ID linkage with Weverse and fan clubs managed by Fanplus as a new initiative to help Japanese artists acquire global fans. The service was adopted by Mrs. GREEN APPLE's official fan club Ringo Jam on April 30, 2025. Weverse is a platform used by over 10 million users globally. It provides artists and fans a full range of services necessary for fandom activities. These range from e-commerce to live streaming, digital memberships and other diverse subscription services, as well as listening parties*. By utilizing this ID linkage, artists using fan clubs operated by Fanplus will be able to lead fans to join an existing fan club in the official Weverse community. Weverse users will be able to enjoy fan club content with their Weverse account.

* An event that involves sharing the same music at the same time online and sharing impressions through real-time chat. Listening parties have drawn attention as a new format that allows artists and fans to enjoy music together, even in remote areas.

2. Launched fan engagement app bubble for JAPAN

In June 2024, Group company Dear U plus launched bubble for JAPAN, the Japanese version of Dear U bubble. The launch took place through collaboration with Dear U, the operator of the Korean-based fan communication app Dear U bubble, and through Group collaboration (joint development) with Fanplus. The app is globally compatible and can be used by entertainment fans in over 200 countries worldwide. In addition, it is equipped with the same functionality as the bubble series, which enjoys worldwide popularity.

* Dear U bubble is a communication app developed by the Korean company Dear U that allows fans to enjoy the feeling of private messaging with artists. It is not a chatbot. Fans receive ordinary casual messages actually sent out by the artist and can respond to them, which is a major feature of the service. It has a friendly user interface like a typical chat app, and fans get the experience of connecting with artists like they would a friend, so there is greater immersion and intimacy with the service.

Results outlook

In FY3/26, sales and profit are expected to continue to increase

1. FY3/26 forecasts

For the FY3/26 results, the Company projects continued rises in sales and profits, with net sales to increase 8.6% YoY to ¥28,000mn, operating profit to rise 15.6% to ¥4,700mn, ordinary profit to increase 14.3% to ¥4,700mn, and profit attributable to owners of parent to increase 50.2% to ¥2,500mn.

Just as in the previous fiscal year, the Fan Club Business, EC Business and Electronic Tickets Business are expected to continue to steadily expand. The moderate growth rate compared to the previous fiscal year is due to the absence of special factors (acquisition of large projects) that contributed to major growth in the previous fiscal year's results. The Company will continue increasing paying members and maximizing spend per customer by linking with the EC Business and Electronic Tickets Business. It also plans to strengthen efforts to attract overseas fans through global expansion.

On the profit front, the Company is planning to see continued increases in server costs, increases in personnel expenses from strengthening recruitment, and developmental investment in new businesses. However, the Company expects to secure higher revenue from growth in the highly profitable EC Business and Electronic Tickets Business. The operating profit margin is projected to improve greatly to 16.8% (15.8% in the previous fiscal year), which would set a new record high.

FY3/26 forecasts

	FY3/25		FY3/26		Change	
	Result	Composition ratio	Forecast	Composition ratio	Amount	Rate
Net sales	25,782		28,000		2,218	8.6%
Operating profit	4,065	15.8%	4,700	16.8%	635	15.6%
Ordinary profit	4,113	16.0%	4,700	16.8%	587	14.3%
Profit attributable to owners of parent	1,664	6.5%	2,500	8.9%	836	50.2%

Source: Prepared by FISCO from the Company's financial results

2. FISCO's view

We at FISCO believe that the Company's results forecasts are fully achievable in light of the favorable external environment (live concerts are booming), steady growth in businesses and services starting with fan club websites, and the fact that the Company has established an increasingly dominant position in the industry with respect to both artists and fans. The focus should be on the Company's progress in global expansion, which is expected to be a new growth driver. We should pay attention to both the acquisition of overseas members for Japanese artists and the acquisition of overseas artists. In addition, next-generation fan businesses have the potential to be ramped up alongside global expansion. These businesses include live performances using VR technology and digital asset management and NFT utilization that leverage Web 3.0-related technologies. We will continue to monitor future developments from this dual perspective.

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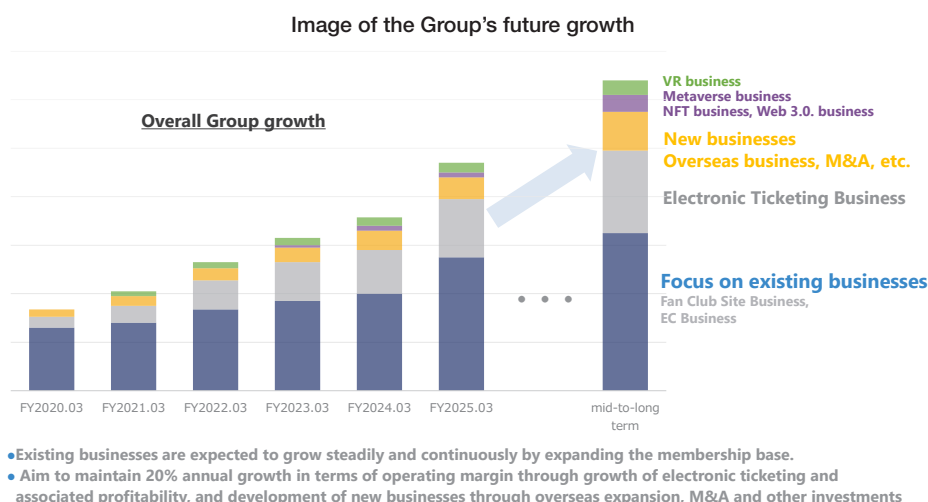
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Future direction

Along with growth in existing businesses, the Company will seek to accelerate growth by ramping up global expansion and creating next-generation fan businesses

1. Image of future growth

The Company's basic strategy to date has been to expand its loyal membership base, starting with fan club websites, and to increase synergies with its EC and Electronic Tickets Businesses. Going forward, the Company expects stable and continuous growth from existing businesses through the acquisition of strong IP and expansion of the membership base. New earnings drivers will come from enhancements to the Electronic Tickets Business, creation of next-generation fan businesses, and the cultivation of new businesses, including through M&A. The Company has drawn up a strategy for accelerating growth throughout the Group. In terms of operating profit, it will seek growth of at least 20% annually.



Source: The Company's supplementary results briefing materials

2. Fostering new axes for growth

(1) Full-scale global expansion

In addition to providing a popular, Korea-based communication app in Japan, the Company is developing fan club and e-commerce services in China on a full-scale basis, as well as creating a membership and payment environment for overseas fans, with support for multiple languages and currencies. Going forward, the Company will offer support for the global expansion of Japanese artists and the entry of overseas artists into the Japanese market. It plans to work to expand the fandom base from a global standpoint. In particular, the Company plans to actively collaborate with prominent services like Weverse and local partners.

Future direction

(2) Enhancements to the Electronic Tickets Business

The Company will build a flexible service platform with a view to expansion into a wide range of areas. It will work to strengthen functions and raise added value. This will start in particular with DX support for total support from ticket issuance to admittance, visitor promotion, and earnings expansion. It will also include tickets with high-precision identification, services based on price fluctuations, and building a multi-function sales platform.

(3) Creation of next-generation fan businesses

The Company will continue to ramp up activities for the creation of next-generation fan businesses. This will include developing live performances using VR technology as well as consideration of digital asset management and NFT utilization using Web 3.0-related technologies. The Company also plans to actively engage in the development of new businesses through measures such as M&A and collaboration with external companies.

3. FISCO's points to focus on in the medium to long term

FISCO believes that it is highly likely that medium- to long-term growth will be driven by deepening existing businesses, which are expected to still have room for growth, by global expansion, which has great potential, and by enhancing the Electronic Tickets Business to capture a wide range of needs in various areas. In particular, the ramping up of global expansion will broaden the potential to further expand the membership base through supporting the activities of Japanese artists who are popular overseas as well. This can be seen as a positive factor supporting the Company's sustained growth. At the same time, the creation of next-generation fan businesses using new technologies (VR, Web 3.0, NFTs, etc.) currently has many unknowns, including the time frame, but for the Company, a leading company in fan services, introducing new technology related to artists and fans and generating new fan experiences and value is an unavoidable theme. If next-generation fan businesses are steadily launched, they could become an upside factor for the Company's results. In particular, ramping up global expansion could lead to the creation of relationships with overseas fans and technological partnerships with other companies. We at FISCO think there is a strong possibility that this could accelerate innovation. In the Electronic Tickets Business as well, demand is rising in various areas for expanded secondary distribution markets, and there are significant opportunities for earnings through increased unit prices by combining added services and DX support in each area. There is a great deal of room for business expansion. Accordingly, with expansive growth opportunities in all areas, the pace at which each of these businesses are launched will likely be an important determinant of the Company's future growth potential.

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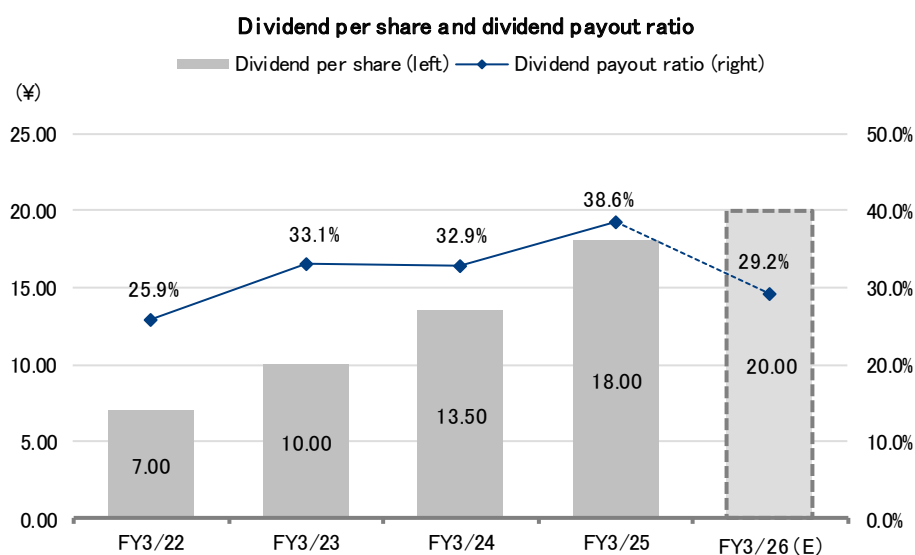
Returns to shareholders

Planning FY3/26 per share dividend of ¥20, a YoY increase of ¥2

The Company's basic policy is to pay a dividend linked to results, targeting a dividend payout ratio of 30%. For FY3/25, the Company significantly increased its dividend per share by ¥4.5, to ¥18 per share. For 3/26, the Company is planning to increase its dividend by ¥2 YoY, to ¥20 per share.

Considering the Company's strong financial foundation and business characteristics, such that it does not require capital investment, and that it has established multiple sources of earnings, FISCO thinks there is plenty of room for it to further increase dividends in accordance with profit growth.

The Company will also continue to consider shareholder returns through share buybacks, taking into account the status of investments in new businesses and M&A, including global expansion.



Source: Prepared by FISCO from the Company's financial results

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